



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 3/15/2006

GAIN Report Number: TU6011

Turkey

Stone Fruit

Annual Report

2006

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Report Highlights:

Stone fruit production in 2005 has increased considerably due to favorable weather conditions. Similarly, exports for all stone fruits except cherries also increased. There is a growing interest in stone fruit farming from Turkish producers as problems with citrus industry increase.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Ankara [TU1]
[TU]

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Executive Summary

Turkey's climate has continued to support its growth as a major producer of fruits and vegetables. After deciduous and citrus fruits, stone fruits account for approximately 14 percent of overall fruit production in Turkey. Most stone fruit, except for apricots, are generally consumed domestically as fresh fruit.

Weather conditions in 2005 were very favorable for stone fruit production in Turkey. Due to good weather conditions the total production of all stone fruits increased in comparison to that of 2004. In 2004, the stone fruit orchards were damaged by a frost in early April. One of the major reasons for high production levels in 2005 is that there was no frost. In addition the good weather conditions contributed to the high yields, especially for apricots.

On the trade side, cherries and peaches continue to be the primary export products in 2005. Peach, cherry and apricot exports have increased dramatically over the past 3 years and exporters are looking to expand production to take advantage of this situation.

The increased production levels in 2005 were reflected in the increased export levels. All stone fruit exports, except cherry increased considerably. One of the side effects of the immense cherry harvest, however, was the small size of the fruits. The size of apricots and cherries were considerably smaller than what the export markets typically request. Besides the size issue, the quality of cherries was also poor. As a result, Turkish apricots and cherries could not compete well with those from Europe.

Most Turkish stone fruit producers are still using the old techniques and varieties. As a result, Turkish competitiveness in the European market is negatively affected. The producers' lack of understanding of export markets and their reluctance to convert into new varieties are among of the major problems the stone fruit sector is facing in Turkey. These issues, in return, lead to lower exports than the total potential.

Turkish producers are showing an increasing interest in stone fruit farming, mainly due to the harsh conditions of the citrus market in the past years, including 2005. Especially cherry, apricot and plum are being preferred by Turkish farmers. Therefore, stone fruit production in the next 5 years is expected to increase in Turkey.

Production

Cherry

Cherry production in 2005 increased about 5 percent as expected given improved weather conditions from 2004. It is estimated that cherry production in Turkey was 400,000 MT in 2005. Even though there was a rebound in production from 2004 levels, 2005 cherry exports dropped to 36,000 MT. Percentage of increase in production, indeed, was the lowest of all stone fruits. The size of cherries, the price competitiveness, the low quality and the lack of new varieties were the major reasons for the decrease in exports.

Cherries are mainly grown in the Central Anatolia and Marmara regions. Due to unfavorable conditions in citrus farming and high export potential of cherries increasing number of producers are leaning towards cherry production. If a cherry orchard were established in 2006 it would take at least 3 years to harvest completely. Therefore, we expect to see this growth in production by 2010.

Industry contacts indicate that approximately 85 percent of sour cherry production is used in the processing sector, such as canned products, marmalades, frozen fruits and fruit juices. The rest is usually sold fresh on the domestic market. Processed cherries account for 15-20 percent of total sweet and sour cherry production.

Table 1: Fresh Cherries, PS&D

Fresh Cherries, (Sweet&Sour)							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate[N ew]	USDA Official [Old]	Post Estimate[N ew]	USDA Official [Old]	Post Estimate[N ew]	
Market Year Begin		01/2005		01/2006		01/2007	MM/YYYY
Area Planted	26000	26000	27000	27000	0	29000	(HA)
Area Harvested	0	0	0	0	0	0	(HA)
Bearing Trees	14500	13750	15000	14500	0	15000	(1000 TREES)
Non-Bearing Trees	0	5900	0	5800	0	5700	(1000 TREES)
Total Trees	14500	19650	15000	20300	0	20700	(1000 TREES)
Commercial Production	400000	383000	450000	400000	0	410000	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	400000	383000	450000	400000	0	410000	(MT)
TOTAL Imports	15	15	15	15	0	20	(MT)
TOTAL SUPPLY	400015	383015	450015	400015	0	410020	(MT)
Domestic Fresh Consump	360015	343015	400015	364015	0	370020	(MT)
Exports, Fresh Only	40000	40000	50000	36000	0	40000	(MT)
For Processing	0	0	0	0	0	0	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	400015	383015	450015	400015	0	410020	(MT)

In order to increase exports, about one third of producers are registering under the EUREPGAP program. EUREPGAP is a program initiated by 5 retailers in the EU to set guidelines for the import of agricultural products. Its main focus is the production process. Major private Turkish exporters are leading the process to obtain EUREPGAP certification and are encouraging smaller producers to participate in the program. Producers registered under EUREPGAP receive training, get advice on spraying and conduct laboratory tests. Due to extensive work of the private sector, a large number of Turkish cherry producers were registered in 2005. This number is expected to grow in 2006 as well. Registration in EUREPGAP will likely increase Turkish stone fruit producers' export opportunities to the EU countries.

Cherry production is not the highest in comparison to other stone fruits, but there are large producers and companies in cherry production and export sector. Currently organically grown cherries account for approximately one percent of total production. High demand for organic products both domestically and internationally may lead to increased number of organic cherry orchards in the future. There are also a very small number of producers who are trying to grow cherries in greenhouses. With the greenhouses, cherry orchards will not be affected too severely by harsh weather conditions. The private sector is taking the lead in greenhouse projects.

Apricots

According to official Turkish government (GOT) statistics, apricot production in 2005 was much higher than expected. Apricot production (including wild apricots) in 2004 was 350,000 MT and in 2005 total apricot production is estimated to be 850,000 MT¹. Industry contacts, however, believe that this estimation is too high. They expect total production for 2005 to be about 390,000 MT.

Turkey is the leading producer of apricots in the world. Turkey was the biggest supplier of fresh apricots in 2005 and supplied approximately 14 percent of all fresh apricots in the world.

About 90 percent of total production is used for dried apricot production. Due to soil type, weather conditions and sugar contents apricot produced in Malatya, a southeastern province of Turkey, is the best type in the world for dried apricot production. Approximately 90 percent of total dried apricot production is exported and about all of the dried apricots used for export is from Malatya region. In addition to Malatya, apricots are also produced in Eastern and Central Anatolia as well as the Mediterranean Region. It takes about 4 kilograms of fresh apricots to make 1 kilogram of dried apricot. There is also a steady increase in the number of trees in Turkey of about 3-4 percent annually. Turkish fresh apricots are the most delicate of all stone fruits. In fact they are difficult to store, transport and they have a short shelf life.

Apricot trees are the most vulnerable stone fruit trees to weather conditions as they are the first to blossom in spring. Industry contacts estimate that the production of apricots in 2006 is going to be lower than 2005, as the weather is warm in early March. Trees are beginning to blossom and any late frost in April might hit the trees severely. In addition to this, due to the big harvest the soil is worn out and the yield in 2006 might not be as large as 2005.

¹ Data from State Institute of Statistics

Table 2: Fresh Apricots, PS&D

Turkey Fresh Apricots							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2005		01/2006		01/2007	MM/YYYY
Area Planted	63800	63800	64000	64000	0	0	(HA)
Area Harvested	0	0	0	0	0	0	(HA)
Bearing Trees	11500	11500	11700	11900	0	12300	(1000 TREES)
Non-Bearing Trees	2000	2050	1800	1800	0	1600	(1000 TREES)
Total Trees	13500	13550	13500	13700	0	13900	(1000 TREES)
Commercial Production	350000	350000	370000	390000	0	380000	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	350000	350000	370000	390000	0	380000	(MT)
TOTAL Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	350000	350000	370000	390000	0	380000	(MT)
Domestic Fresh Consump	340000	342069	358000	380000	0	368000	(MT)
Exports, Fresh Only	10000	7931	12000	10000	0	12000	(MT)
For Processing	0	0	0	0	0	0	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	350000	350000	370000	390000	0	380000	(MT)

Peaches-Nectarines

Peach production in 2005 also increased and accounted for the largest production level among stone fruits. Production of peaches and nectarines reached 500,000 MT in 2005 from 372,000 MT in 2004. Peaches are known to be among the most productive stone fruits in Turkey but the dramatic increase in 2005 is mainly due to good weather conditions and to the importation of young trees by the government. Even though peach production is high in Turkey, the companies and producers are relatively small.

There is no association dealing specifically with peaches or nectarines in Turkey. Although the trend is slowly changing, traditionally the peach orchards are relatively small and there are many small-scale producers and exporters in the market. The season for peaches begins in mid June and finishes at the end of October. About 60 percent of total peach production is consumed fresh in the domestic market and 17 percent is processed for various industries such as jam and canned fruits.

Nectarines are fairly new to the domestic market. Nectarine production in Turkey is mainly for export. Nectarine prices in the domestic market are usually higher than the prices for

peaches. Most Turkish consumers are price sensitive, which is one of the reasons for low consumption domestically.

Historically, peach production was mainly in the Marmara Region in northwestern part of Turkey, specifically in Bursa province. Currently, peach orchards have expanded to the Aegean and Mediterranean Regions as well. Industry contacts estimate that given the export potential, an increasing number of farmers will be interested in converting their orchards into nectarines in the near future.

Table 3: Fresh Peaches and Nectarines, PS&D

Turkey Fresh Peaches & Nectarines							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate New]	USDA Official [Old]	Post Estimate New]	USDA Official [Old]	Post Estimate New]	
Market Year Begin		01/2005		01/2006		01/2007	MM/YYYY
Area Planted	25600	25600	25800	25800	0	26000	(HA)
Area Harvested	0	0	0	0	0	0	(HA)
Bearing Trees	13800	13650	14000	13900	0	14200	(1000 TREES)
Non-Bearing Trees	2150	2130	2150	2100	0	2100	(1000 TREES)
Total Trees	15950	15780	16150	16000	0	16300	(1000 TREES)
Commercial Production	370000	372000	370000	500000	0	500000	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	370000	372000	370000	500000	0	500000	(MT)
TOTAL Imports	16	15	17	250	0	20	(MT)
TOTAL SUPPLY	370016	372015	370017	500250	0	500020	(MT)
Domestic Fresh Consump	340016	352015	335017	461050	0	455020	(MT)
Exports, Fresh Only	30000	20000	35000	39200	0	45000	(MT)
For Processing	0	0	0	0	0	0	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	370016	372015	370017	500250	0	500020	(MT)

Plums

Unlike peaches and apricots, increase in plum production in 2005 was minimal. In 2005, plum production is estimated to be 218,000 MT in comparison to 210,000 MT in 2004. Even though plums have traditionally had the lowest production, plum production increased about eight percent in 2005, which is high for plums. This was mainly due to good weather conditions and increasing demand for plum orchards. More and more farmers are transforming their orchards into plum since plums grow faster than most other stone fruits and bear fruit faster. This has led to an increase in investment in plum production.

There are also some disadvantages of the current production process. About 90 percent of plum orchards are grown with other fruit trees. Only about ten percent of plum orchards are exclusively devoted to plum production. This creates difficulties in spraying and fertilization and it also affects pest control. Mixed fruit orchards also inhibit pruning of plum trees. Despite the disadvantages of current plum tree orchards the production in 2005 and estimates for the future is still high. Although 218,000 MT production level is still an estimate as of March 2006, this production level is a record since 1995.

Table 4: Fresh Plums and Prunes, PS&D

Turkey Fresh Plums & Prunes							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate New]	USDA Official [Old]	Post Estimate New]	USDA Official [Old]	Post Estimate New]	
Market Year Begin		01/2005		01/2006		01/2007	MM/YYYY
Area Planted	18400	18400	18400	18400	0	18500	(HA)
Area Harvested	0	0	0	0	0	0	(HA)
Bearing Trees	7500	7600	7500	7600	0	7700	(1000 TREES)
Non-Bearing Trees	1100	1160	1100	1100	0	1100	(1000 TREES)
Total Trees	8600	8760	8600	8700	0	8800	(1000 TREES)
Commercial Production	200000	210000	200000	218000	0	225000	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	200000	210000	200000	218000	0	225000	(MT)
TOTAL Imports	10	15	10	10	0	10	(MT)
TOTAL SUPPLY	200010	210015	200010	218010	0	225010	(MT)
Domestic Fresh Consump	194510	207115	194010	213010	0	219010	(MT)
Exports, Fresh Only	5500	2900	6000	5000	0	6000	(MT)
For Processing	0	0	0	0	0	0	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	200010	210015	200010	218010	0	225010	(MT)

Consumption

Cherries

Sour cherries and sweet cherries have separate consumption markets. About 85 percent of sour cherry production is used in processing industry. The rest is consumed fresh in the domestic market and a small amount is exported. The changes in consumer preferences and also the precautions taken to improve food safety lead to higher demand for cherries in Turkey and abroad. The biggest export market for Turkish sweet cherries are the EU countries and the consumers in this market prefer bigger sized cherries. Turkish producers that aim to export use special techniques and saplings to meet the demand abroad.

Apricots

The majority of the fresh apricots are consumed domestically as apricots are very vulnerable to damages during transportation and also the varieties produced in Turkey are usually too small for the export markets. Turkish consumers prefer to consume both fresh and dried apricots. Apricots that are traditionally grown in Turkey are smaller than what the export markets are demanding. European community prefers bigger sized apricots whereas domestically, the smaller size is more popular. Producers are not expecting a change in taste of consumers in major export markets.

Peaches-Nectarines

Peaches are popular among domestic consumers. Nectarines, however, are not as popular as peaches in Turkey. Approximately 80 percent of all peach and nectarine production is consumed fresh. The rest are used mainly for canned fruits, jam and dried products. Nectarines are quite new to the Turkish consumers and the prices of nectarines are usually higher than peaches domestically.

Plum

There are certain plum varieties in Turkey that are not very well known abroad but are popular domestically. This is mainly green and small variety that comes to the market first, in mid April. Plums are mainly consumed fresh but some varieties are good for dried fruit. Plum production is also used in the processing industry for jam, marmalade and dried fruit.

Trade

Cherries

The biggest export market for Turkish cherries are the European Union countries, particularly Germany and United Kingdom. The consumers in European markets prefer bigger sized cherries for fresh consumption. Even though there was an increase in production last year cherry size was generally smaller than in 2004. Turkish cherry production also could not compete well with European markets in terms of pricing. 1 kilogram of cherries was exported for approximately USD 2.5 in 2005. One of the significant problems is the lack of new varieties. Most Turkish cherry producers are still using the old techniques and varieties. As a result, Turkish competitiveness in the European market is affected. The producers' lack of understanding of export markets and their reluctance to convert into new varieties are among of the major problems stone fruit sector is facing in Turkey. The size of cherries, the price competitiveness, the low quality and the lack of new varieties were the major reasons for the decrease in exports. These issues, eventually, lead to lower exports than the total

potential. Since 2001 approximately 15 percent of total cherry production was exported. Unexpectedly in 2005 cherry exports dropped about 10 percent to 36,000 MT from 2004.

Industry contacts do not expect a tremendous increase in cherry exports in 2006 either. In 2006, cherry exports are expected to return to 2004 levels. Industry contacts predict that the number, size and quality of cherry orchards will increase in Turkey in the next 5 years. They also claim that Turkish sweet cherry exports will reach 100,000 MT by 2010 because of the increasing number of cherry orchards and better techniques.

Given the high export potential and problems in other fruit sectors such as citrus, the number of orchards is expected to increase in the near future. With the adoption of EUREPGAP program by more producers, exports to EU countries are expected to increase as well. Major export markets in 2005 for Turkish sweet cherries are Germany, United Kingdom and Belgium.

Table 1: Export Trade Matrix, Fresh Cherries

Turkey Fresh Cherries (Sweet&Sour)			
Time Period	Jan-Dec	Units:	Metric Tons
Exports for:	2004		2005
U.S.	0	U.S.	0
Others		Others	
Germany	17452	Germany	16049
United Kingdom	5700	United Kingdom	6743
Netherlands	4937	Belgium	2969
Italy	4382	Netherlands	2329
Russia	2566	Italy	2289
Belgium	2227	Russia	1316
Austria	996	Austria	1224
Sweden	572	Sweden	510
Northern Cyprus	246	Bulgaria	424
France	230	Northern Cyprus	382
Total for Others	39308		34235
Others not Listed	440		1561
Grand Total	39748		35796

Apricots

Apricot exports also increased about 25 percent and reached 9,845 MT in 2005. Unexpectedly, in 2005 there were 7 MT of imports of fresh apricots from Russia. Even though there was a tremendous amount of increase in apricot production in 2005, Turkey also imported about 7 MT of apricots from Russia as well. Traditionally Germany and Russia are the major export markets for Turkish fresh apricots. Most fresh apricot production is used for dried apricot production and 95 percent of dried apricots are exported. In 2005 the average price of 1 kilogram of fresh apricots was USD 1.

Table 2: Export Trade Matrix, Fresh Apricots

Turkey Fresh Apricots			
Time Period	Jan-Dec	Units:	Metric Tons
Exports for:	2004		2005
U.S.	0	U.S.	0
Others		Others	
Germany	2897	Germany	3309
Russia	2658	Russia	2632
Netherlands	805	Saudi Arabia	1526
Saudi Arabia	740	Romania	779
United Kingdom	182	Netherlands	529
Romania	171	Austria	290
Kuwait	121	Latvia	100
Austria	80	Kuwait	94
Belarus	71	United Kingdom	88
France	31	Moldova	77
Total for Others	7756		9424
Others not Listed	175		420
Grand Total	7931		9844

Peaches and Nectarines

Among all stone fruits exports of peaches, nectarines and cherries are the highest. The level of exports, however, is not very high when compared with the total production of peaches and nectarines. Less than 10 percent of total production of total peaches and nectarines are being exported. In 2005 exports almost doubled in comparison to 2004 but still exports were only about 8 percent of the total production. Exports of peaches in 2005 were 39,294 MT. The estimated export price of 1 kilogram of peaches was USD 0.5 and export prices for nectarines was USD 1 in 2005.

The farmers tend to sell their product to the established exporting firms, which have packing and transportation facilities. Turkey mainly exports peaches to Saudi Arabia, Russia and Germany. Both peach and nectarine imports are minimal in comparison to exports. There was a noticeable increase in peach imports in 2005. In 2005 peach imports were 242 MT in

comparison to 14 MT in 2004. Industry contacts believe that this is due to re-exports from Iran.

Russia is one of the biggest export markets for the Turkish peaches. Peach and nectarine producers and exporters faced a big problem in early June when Russia banned all fresh fruit and vegetable imports from Turkey based on the presence of Mediterranean fruit fly in Turkish fruits. The ban occurred at a time when the season for peach exports was about to begin. Luckily for Turkish exporters the issue was resolved with efforts of Turkish Ministry of Agriculture and Rural Affairs in early July.

Table 3: Export Trade Matrix, Fresh Peaches and Nectarines

Turkey Fresh Peaches & Nectarines			
Time Period	Jan-Dec	Units:	Metric Tons
Exports for:	2004		2005
U.S.	0	U.S.	0
Others		Others	
Saudi Arabia	11338	Saudi Arabia	16894
Russia	5611	Russia	12912
Germany	1241	Romania	3949
Kuwait	475	Germany	2173
Northern Cyprus	388	Kuwait	749
Romania	258	Northern Cyprus	717
Netherlands	214	Netherlands	382
U.A.E.	187	Belarus	376
Oman	137	Bulgaria	200
Austria	64	Austria	139
Total for Others	19913		38491
Others not Listed	240		803
Grand Total	20153		39294

Plums

Even though the increase in total production of plums was not very high in 2005 the exports almost doubled compared to 2004 and reached 4,992 MT in 2005. This is still not as high as export levels of 2003 but still a significant increase from the 2004 level. Average export prices for plums was USD 0.9 per kilogram in 2005. The sector is expecting an increase in exports in 2006 as well.

Typically Germany is among the top importers of plum from Turkey but in 2005 exports to Germany dropped about 80 percent. According to the exporters this was mainly due to high residue levels for plums and Turkish plums could not meet the German standards.

Table 4: Export Trade Matrix, Fresh Plums

Turkey Fresh Plums & Prunes			
Time Period	Jan-Dec	Units:	Metric Tons
Exports for:	2004		2005
U.S.	0	U.S.	0
Others		Others	
Saudi Arabia	1400	Germany	2424
Germany	514	Saudi Arabia	1030
Russia	298	Russia	343
Netherlands	236	Netherlands	329
Sweden	63	Austria	132
Northern Cyprus	63	Northern Cyprus	122
Romania	54	Bulgaria	95
Kuwait	40	Sweden	79
Austria	37	Iraq	74
Switzerland	36	Romania	62
Total for Others	2741		4690
Others not Listed	165		302
Grand Total	2906		4992

Stocks

There are no official stocks for stone fruits.

Marketing Policy

The GOT is not taking an active role in stone fruit production and export sector. The major activities from the GOT side are being conducted by IGEME, the Export Promotion Center of Turkey, which operates under Undersecretaries of Foreign Trade. IGEME does not provide any specific support either to stone fruit producers or to stone fruit exporters. They, however, do conduct general activities such as organizing fairs and trade shows abroad and they carry out training (workshops, seminars, educational programs).

Apart from Kayisibirlik, cooperative that operates in the apricot and dried apricot sector, there is no specific cooperative for stone fruits in Turkey. Turkish stone fruit producers, as well as other farmers in Turkey, enjoy direct income payment, payment made to farmers per dekar (0.1 of hectare) of their farm. Most producers are expecting the direct income payment regime to change slightly in the near future. The GOT recently announced a reduction in electric fees used for irrigation projects. It, however, does not include fruit producers yet, but MARA officials stated that in the near future it would include fruit producers.

The private sector takes the lead in marketing of stone fruits. Major exporters encourage small farmers to register under EUREPGAP. They also put effort in educating of producers and modernizing agricultural facilities in rural areas.